

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 SS-15 SP-02 NSCE-00 CAB-02

CIAE-00 COME-00 DODE-00 DOTE-00 INR-10 NSAE-00

FAA-00 L-03 H-01 PA-01 INRE-00 SSO-00 ICAE-00

TRSE-00 /053 W

-----030634 101844Z /40

O 101747Z AUG 78

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 1339

C O N F I D E N T I A L SECTION 1 OF 2 LIMA 7096

E.O. 11652: GDS

TAGS: EAIR PE

SUBJ: CIVAIR: PERU - U.S.

REF: (A) SHLAUDEMAM/ATWOOD TELCON 8/8; (B) STATE 200319;

(C) STATE 198514

SUMMARY: BEGIN CONFIDENTIAL: ALTHOUGH THE FOREIGN MINISTER HAS SAID HE WANTS TO BE HELPFUL IN AVOIDING A CONFRONTATION OVER BRANIFF'S PROPOSAL TO OPEN SERVICE FROM DALLAS-FT. WORTH TO LIMA, IT IS CLEAR THAT THE GOP WILL NOT GIVE APPROVAL IN THE ABSENCE OF A SPECIFIC CONCESSION FROM US, MOST PROBABLY AEROPERU RIGHTS TO NEW YORK. THE PERUVIAN CIVIL AIR AUTHORITIES HAVE SUGGESTED THAT, IN ADDITION TO THE DALLAS-FT. WORTH SERVICE, THEY MIGHT BE PREPARED TO GRANT BRANIFF INCREASED FREQUENCIES ON ITS EXISTING ROUTES. ON OUR SIDE, PUTATIVE APPROVAL OF PERUVIAN SERVICE FROM IQUITOS TO MIAMI APPEARS TO BE OF LITTLE OR NO NEGOTIATING VALUE. AT THIS POINT WE CAN HOLD TO OUR POSITION OR SEEK A PROVISIONAL ARRANGEMENT INCLUDING AEROPERU RIGHTS TO NEW YORK AND AUGMENTED BRANIFF SERVICE TO PERU. THERE MAY BE SOME LEVERAGE AND THE OPPORTUNITY TO ELICIT A COUNTEROFFER IN AEROPERU'S PLANS TO LEASE TWO WIDE-BODIED AIRCRAFT. ACTION REQUESTED: THE CONFIDENTIAL

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DEPARTMENT'S GUIDANCE IS NEEDED. END SUMMARY. END CONFIDENTIAL.

1. BEGIN LIMITED OFFICIAL USE: THE FOREIGN MINISTER TOLD ME IN OUR MEETING MONDAY EVENING THAT HE WANTED TO BE HELPFUL IN AVOIDING A CONFRONTATION OVER THIS ISSUE. HE HAD TALKED TO MINISTER VANNINI, COLONEL SANCHEZ AND

LEON DE VIVERO. HIS FEAR WAS THAT BRANIFF WOULD ATTEMPT TO INITIATE SERVICE FROM DALLAS-FORT WORTH WITHOUT FILING THE APPROPRIATE APPLICATION, "AS REQUIRED BY PERUVIAN LAW". I SAID IT WAS MY UNDERSTANDING THAT BRANIFF DID INTEND TO FILE SUCH AN APPLICATION, BUT THAT THIS IN NO WAY SHOULD BE INTERPRETED AS REFLECTING A CHANGE IN THE U.S. POSITION THAT THE 1946 AGREEMENT DOES NOT CALL FOR A PRIORI CONSENT FROM THE GOP. DE LA PUENTE SAID HE UNDERSTOOD.

2. HE WENT ON TO READ TO ME A FEW EXCERPTS FROM A MEMORANDUM PREPARED IN THE MINISTRY OF TRANSPORT AND COMMUNICATIONS. THE THRUST WAS THAT BRANIFF WOULD BE OBTAINING THE SPECIFIC ADVANTAGE OF INITIATING THIS NEW SERVICE IN RETURN FOR ONLY A VAGUE USG STATEMENT ABOUT FORTHCOMING "LIBERAL" TREATMENT OF AEROPERU. THE MINISTER SAID HE WOULD TRY TO OBTAIN A FAVORABLE RESPONSE TO BRANIFF'S APPLICATION BUT WOULD LIKE TO HAVE SOMETHING MORE SPECIFIC IN WRITING FROM US ABOUT WHAT ADVANTAGES AERO-PERU MIGHT LOOK FORWARD TO IN ORDER TO BOLSTER HIS ARGUMENTS. I REVIEWED THE FAVORABLE TREATMENT ALREADY GIVEN AEROPERU AND SAID IT WAS OUR POSITION THAT IN THE INTERIM BEFORE A NEW AGREEMENT COULD BE NEGOTIATED THERE SHOULD BE RECIPROCAL LIBERALITY.

3. DE LA PUENTE EXPRESSED INTEREST IN WHAT KIND OF  
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POLICY WE WOULD EMPLOY ON CHARTERS. HE ALSO ASKED ABOUT NEW YORK FOR AEROPERU. ON THE LATTER POINT, I SAID THAT DEPENDED ON A NEW AGREEMENT, AND I RAN OVER FOR HIM THE OTHER CONCESSIONS WE ARE PREPARED TO MAKE IF SUCH AN AGREEMENT IS CONCLUDED. I DID UNDERTAKE TO SEE IF WE COULD FURNISH AN AIDE MEMOIRE THAT WOULD BE OF HELP. THE MINISTER ASKED THAT I SEND IT TO HIM INFORMALLY IN DRAFT FIRST, TO WHICH I AGREED.

4. ON AUGUST 8 DEL SOLAR CALLED ON COL. SANCHEZ TO ADVISE THAT HE WOULD FILE AN APPLICATION FOR MODIFICATION OF BRANIFF'S OPERATING PERMIT. SANCHEZ PROMISED A RESPONSE, BUT, ACCORDING TO DEL SOLAR'S REPORT TO US, SUGGESTED THAT IT WOULD PROBABLY BE NEGATIVE. BRANIFF FILED ITS REQUEST P.M. AUGUST 9.

5. ACTING CHIEF OF THE ECONOMIC SECTION STEIN CALLED ON SANCHEZ AND LEON DE VIVERO A.M. AUGUST 9 TO REQUEST THAT GOP APPROVE THE BRANIFF APPLICATION AS PER INSTRUCTIONS REF C. DURING THE CONVERSATION LEON DE VIVERO SUGGESTED THAT THE TWO GOVERNMENTS SET ASIDE FOR THE TIME BEING THOSE ELEMENTS OF NEGOTIATIONS WHERE THERE IS A DIFFER-

ING INTERPRETATION (ACCORDING TO LEON, THE QUESTION OF A PRIORI CONTROLS AND BEYOND RIGHTS SOUTH OF PERU FOR THE U.S. CARRIERS) AND MOVE FORWARD ON THOSE POINTS WHERE THERE IS AGREEMENT (I.E. RATES, CHARTERS, SECURITY). STEIN POINTED OUT THAT THE USG IS UNLIKELY TO ACCEPT THIS ARRANGEMENT FOR TWO REASONS: FIRST, USG DOES NOT CONSIDER THAT QUESTION OF BEYOND RIGHTS SOUTH OF PERU IS SUBJECT TO DISCUSSION, AND SECOND, USG VIEWS ITS POSITION AS A COMPLETE PACKAGE. TURNING TO THE IMMEDIATE QUESTION OF BRANIFF'S APPLICATION, HE STRESSED THAT BRANIFF'S FILING IN NO WAY CONSTITUTED ACKNOWLEDGEMENT OF THE GOP POSITION RE A PRIORI CONTROLS AND THAT THE USG EXPECTED APPROVAL OF THE APPLICATION, EVEN IF ONLY ON A PROVISIONAL BASIS, IN TIME FOR THE AUGUST 15 FLIGHT. HE ALSO POINTED  
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OUT THAT THE USG IS PREPARED TO CONTINUE TO TREAT AEROPERU IN A FLEXIBLE AND LIBERAL MANNER IF THE GOP IS PREPARED TO RECIPROCATATE. HE INDICATED THAT GOP APPROVAL OF BRANIFF'S APPLICATION WOULD BE ONE SIGN OF PERUVIAN FLEXIBILITY.

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 1340

C O N F I D E N T I A L SECTION 2 OF 2 LIMA 7096

6. PICKING UP ON THIS POINT THE PERUVIANS ASKED WHETHER US FLEXIBILITY WOULD INCLUDE NEW YORK AND REQUESTED THAT WE EXPLORE THE POSSIBILITY OF PROVISIONAL AGREEMENT WHICH WOULD GIVE AEROPERU RIGHTS TO NEW YORK. STEIN REPLIED

THAT SUCH AN ARRANGEMENT IS NOT WHAT THE USG ENVISIONED BUT HE PROMISED TO EXPLORE THE POSSIBILITY WITH WASHINGTON. HOWEVER, HE REPEATED THE REQUEST THAT THE GOP APPROVE BRANIFF'S APPLICATION, EVEN IF ONLY PROVISIONALLY, WHILE WE AWAITED REPLY FROM WASHINGTON REGARDING THE PERUVIAN INQUIRY. SANCHEZ INDICATED THAT THE GOP WOULD NOT ACT ON BRANIFF'S APPLICATION UNTIL THE USG RESPONDED TO THE PERUVIAN QUESTION. IN THE COURSE OF THE CONVERSATION SANCHEZ ALSO SAID THE GOP WOULD BE WILLING TO APPROVE BRANIFF'S REQUESTS FOR ADDITIONAL FLIGHTS ON ROUTES IT NOW FLIES.

7. MEANWHILE, WE HAVE LEARNED THAT THE FIRST LOCAL PRESS NOTICE OF THIS AFFAIR IS ABOUT TO COME OUR WAY. THE NEXT ISSUE OF THE LIMA TIMES, DUE OUT TODAY (THURSDAY), WILL FEATURE A STORY ABOUT THE "SQUABBLE" OVER CIVIL AIR RIGHTS. THE TIMES STUMBLED ON THE STORY BY ASKING AROUND AS TO WHATEVER HAPPENED TO THE AEROPERU FAUCETT SERVICE FROM IQUITOS TO MIAMI WHICH HAD BEEN ANNOUNCED TO COMMENCE ON JULY 28. IT SHOULD BE NOTED THAT THERE  
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IS A RUMOR ABOUT THAT AEROPERU HAS COOLED OFF ON THAT PROPOSED SERVICE AND IS NOT UNHAPPY THAT THE CURRENT CIVIL AIR IMPASSE OFFERS AN EXCUSE TO BACK AWAY. END  
LIMITED OFFICIAL USE.

8. COMMENT: DESPITE THE FOREIGN MINISTER'S VAGUE ASSURANCES OF GOOD OFFICES, I THINK WE MUST ASSUME THAT THE POSITION OUTLINED BY LEON DE VIVERO AND SANCHEZ IS THE AUTHORITATIVE ONE. MINISTERS GENERALLY CALL THEIR OWN TUNES IN THIS GOVERNMENT, AND DE LA PUENTE IS NOT GOING TO BE ABLE TO REVERSE VANNINI, EVEN SUPPOSING HE WANTS TO. WE ARE THUS LEFT WITH A SITUATION ROUGHLY SIMILAR TO THAT OF 1975. THE PERUVIANS WILL NOT ACCEPT GENERAL LIBERALIZATION AND WILL CONTINUE TO SEEK A SPECIFIC RETURN CONCESSION FOR EACH ONE THEY GIVE. THIS COULD CHANGE (AS WITH THE ADVENT OF NEW CIVILIAN MINISTERS) BUT FOR THE TIME BEING IS THE REALITY WE FACE.

9. LEON DE VIVERO IS CLEARLY DETERMINED TO GET NEW YORK IN RETURN FOR BRANIFF'S RIGHT TO FLY FROM DALLAS-FT. WORTH. THE IMPLICATION IS THAT BRANIFF WOULD ALSO BE PERMITTED TO INCREASE ITS FREQUENCIES ON THE EXISTING ROUTES. THERE IS PRESUMABLY SOME LEVERAGE AVAILABLE TO US IN THE FACT THAT AEROPERU HAS JUST ANNOUNCED, WITH CONSIDERABLE PUBLICITY, THE INTENTION TO LEASE TWO L-1011'S FOR SERVICE TO MIAMI AND NEW YORK. BUT THE PROPOSED FAUCETT/AEROPERU SERVICE FROM IQUITOS TO MIAMI APPEARS TO BE OF LITTLE OR NO NEGOTIATING IMPORTANCE.

10. AT THIS POINT IT SEEMS TO ME WE CAN EITHER STAND  
FAST WHERE WE ARE OR ATTEMPT TO NEGOTIATE A PROVISIONAL  
ARRANGEMENT THAT WOULD INCLUDE AEROPERU RIGHTS TO NEW  
YORK IN EXCHANGE FOR DALLAS-FT. WORTH AND INCREASED FRE-  
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QUENCIES ON BRANIFF'S OTHER ROUTES. IN THE LATTER CASE  
THE PROSPECT OF A PERMANENT AGREEMENT ALONG THE LINES WE  
SEEK WOULD, OF COURSE, BE LEFT OPEN.

11. AS A GENERAL PROPOSITION, I DO NOT FAVOR FORCING  
EITHER THE ISSUE OR THE PACE, -- AS FOR EXAMPLE IN CAB  
TREATMENT OF AEROPERU CHARTER REQUESTS IF, AS EXPECTED,  
THE GOP DOES NOT APPROVE THE BRANIFF APPLICATION BY AUGUST 15. IT  
WOULD SEEM BEST TO ME AS A MATTER OF TACTICS THAT WE NOT  
APPEAR EITHER ANXIOUS OR AGGRESSIVE AT THIS POINT, PAR-  
TICULARLY WITH THE LOCKHEED LEASE ARRANGEMENT IN THE  
OFFING. I AM SENDING DE LA PUENTE THE DRAFT AIDE MEMOIRE  
TODAY. WHEN HE COMES BACK, AS I EXPECT HIM TO, TO SAY  
THAT IT IS NOT SUFFICIENT, WE COULD THEN SUGGEST A  
COUNTEROFFER IF THAT IS THE DIRECTION IN WHICH WE WANT  
TO MOVE. ACTION REQUESTED: THE DEPARTMENT'S GUIDANCE  
WILL BE APPRECIATED.  
SHLAUDEMAN

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## Message Attributes

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